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DE RUEHC #9565 0292126
ZNY SSSSS ZZH
R 292120Z JAN 10
FM SECSTATE WASHDC
TO RUEHBU/AMEMBASSY BUENOS AIRES 0583
INFO RUEHLO/AMEMBASSY LONDON 9064

S E C R E T STATE 009565

SIPDIS

E.O. 12958: DECL: 01/29/2035
TAGS: [PINR](#) [ENRG](#) [EPET](#) [MCAP](#) [PBTS](#) [AR](#) [UK](#)
SUBJECT: (S/REL UK) ARGENTINE REACTION TO POTENTIAL
FALKLAND ISLANDS OIL EXPLORATION (C-TN9-01234)

Classified By: ELISSA G. PITTERLE, DIRECTOR, INR/OPS

[11](#). (S/REL UK) WASHINGTON ANALYSTS CONTINUE TO MONITOR DEVELOPMENTS IN THE OIL INDUSTRY CONCERNING POTENTIAL OFFSHORE OIL EXPLORATION AROUND THE FALKLAND ISLANDS AND THE POLITICAL IMPLICATIONS FOR ARGENTINA AND THE UNITED KINGDOM (UK). IN APRIL 2009, BUENOS AIRES SUBMITTED TERRITORIAL CLAIMS TO THE UNITED NATIONS COMMISSION ON THE LIMITS OF THE CONTINENTAL SHELF THAT INCLUDED THE UNDERSEA AREAS SURROUNDING THE FALKLAND ISLANDS. IN RESPONSE, LONDON, IN MAY 2009, SUBMITTED ITS OWN CLAIMS IN THE AREA. IN OCTOBER 2009, UK FIRM DESIRE PETROLEUM REPORTED THAT IT SIGNED A CONTRACT WITH A U.S. FIRM FOR A DRILLING RIG THAT COULD COMMENCE OPERATIONS BEGINNING IN FEBRUARY 2010.

[12](#). (S/REL UK) ANALYSTS ARE INTERESTED IN GAUGING ARGENTINA'S POTENTIAL RESPONSE TO OIL COMPANIES BRINGING A DEEP WATER RIG FOR OIL EXPLORATION OFFSHORE OF THE FALKLAND ISLANDS. GIVEN THE CURRENT ECONOMIC CONDITIONS IN ARGENTINA, IT IS POSSIBLE THAT ARGENTINA MIGHT USE THE PROSPECTIVE OIL EXPLORATION IN THE REGION AS AN OPPORTUNITY TO ASSERT ITS CLAIMS OVER THE ISLANDS AND THE WATERS SURROUNDING IT AND USE A BELLICOSE STANCE AS A WAY TO DISTRACT THE ARGENTINE POPULACE FROM ECONOMIC PROBLEMS AT HOME. ANALYSTS WOULD APPRECIATE REPORTING ON THE ISSUE WHICH WOULD HELP ANALYSTS ANTICIPATE ARGENTINA'S RESPONSE TO OIL EXPLORATION OFF THE FALKLAND ISLANDS, INCLUDE POSSIBLE MILITARY ACTIONS.

[13](#). (U) AS TIME, RESOURCES, AND PRESENT WORKLOAD PERMIT, ANY INFORMATION POST CAN PROVIDE ON THE QUESTIONS BELOW WOULD BE GREATLY APPRECIATED. MANY THANKS.

[1A](#). (S/REL UK) PLEASE REPORT ON ANY ARGENTINE GOVERNMENT OR MILITARY OFFICIALS' DISCUSSIONS ABOUT PLANNED ACTIONS, ALONE OR IN CONCERT WITH REGIONAL ALLIES LIKE VENEZUELA, IF AN OFFSHORE DRILLING RIG BEGINS TO DRILL OFFSHORE THE FALKLAND ISLANDS. ARE ARGENTINE GOVERNMENT OFFICIALS AWARE OF POTENTIAL OFFSHORE DRILLING, OR WILL THEY BE SURPRISED WHEN IT IS ANNOUNCED OR HAPPENS?

[1B](#). (S/REL UK) ARE THERE DIVISIONS WITHIN THE ARGENTINE GOVERNMENT OR MILITARY LEADERSHIP ABOUT A POSSIBLE RESPONSE? ARE THERE INDICATIONS THAT THIS CAN POTENTIALLY ESCALATE INTO ANOTHER MILITARY CLASH WITH THE UNITED KINGDOM?

[1C](#). (S/REL UK) WHAT DO ARGENTINE GOVERNMENT OFFICIALS PERCEIVE TO BE THE COST OF SUPPORTING A BELLICOSE MOVE AS OPPOSED TO SIMPLY IGNORING THE EVENT?

[14](#). (U) PLEASE CITE C-TN9-01234 IN THE SUBJECT LINE OF REPORTING IN RESPONSE TO THE ABOVE QUESTIONS.
CLINTON